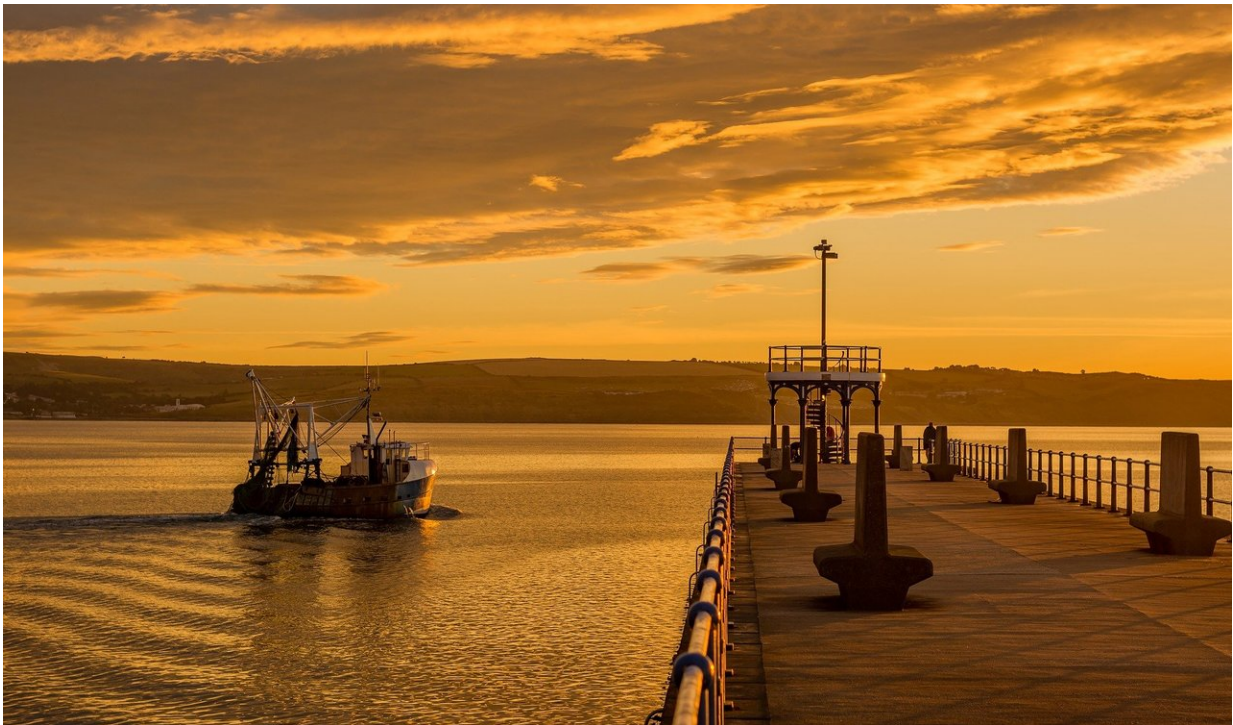


# Study examines if there is something 'fishy' happening with seafood imports

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Reducing tariffs on imported goods is meant to remove trade barriers, but it doesn't seem to be helping the seafood industry, which has experienced the same—if not more—import rejections and notifications at borders, according to research guided by an agricultural economist at Penn State.

The study, which explored [tariff](#) and nontariff barriers in the seafood trade, also documented the reasons for products held at the borders, including [food safety](#) concerns, noted Linlin Fan, assistant professor of agricultural economics in the College of Agricultural Sciences.

"As importing countries from the European Union to the U.S. honor trade agreements to lower tariff rates, traditional tariff barriers may be replaced with nontariff barriers," she said. "While there are legitimate reasons to hold products at a border, such as food safety, we also see evidence that some rejections appear to protect domestic industries against foreign competition."

Fan explained that governments use tariffs—taxes imposed on imported goods and services—to generate revenue and protect domestic producers. Because these taxes often are passed on to the consumer in the form of higher prices, tariffs often are viewed as a "protectionist tool" to encourage consumers to buy less-expensive domestic goods.

Additionally, the safety of food imports is an ongoing concern, noted Kathy Baylis, professor of geography at the University of California, Santa Barbara, who led the study with Fan and Lia Nogueira, associate professor at the University of Nebraska-Lincoln.

Baylis pointed to Centers for Disease Control and Prevention statistics that show disease outbreaks associated with imported seafood increased from 1996 to 2014. Starting in 2005, the European Union set food safety standards, but each E.U. country is responsible individually for interpreting and enforcing the standards for imported goods.

"Although increased scrutiny at the border has the laudable goal of protecting health, food- import rejections may be subject to pressure for import protection," said Baylis. "In other words, food safety standards may be used to protect domestic industries as a substitute for tariffs."

The researchers analyzed data from E.U.'s Rapid Alert System for Food and Feed portal. The information included seafood trade statistics from 2006 to 2018, which involved 2,136 exporting and importing trading partners.

Each data series was merged by importing country, exporting country, year and product code. The team also documented the reasons cited for the rejected or flagged products, called "import notifications."

The team characterized the rejections from low to high. Low hazards are those notifications where the concern is primarily an administrative issue, including labeling, packaging problems and past-sell date. Mid hazards include factors such as product deterioration. High hazards include microbial and parasitic contamination, Salmonella, E. coli, and toxins such as shellfish poisoning.

The study results, recently published in the *American Journal of Agricultural Economics*, documented a connection between decreases in tariffs and a higher number of low-risk notifications that are denied entry into the E.U.

Of the 3,410 notifications the researchers reviewed, nearly 2,500 received either low- or mid-hazard ratings, while about 950 received a high-hazard rating. "One will see that the number of import notifications is much greater for reasons that are not associated with [health risks](#), suggesting that nontariff barriers and demand for import protection might be at play," Fan said.

The economists included explanatory variables related to risk and protectionist characteristics to separate how these two factors affected notifications. They found evidence that poorer countries and countries that received notifications last year—which could be associated with having a higher probability of a safety problem—get more notifications.

The researchers found similar results for high-risk products, determined primarily by perishability. Thus, they said, the results show evidence that E.U. import notifications do target risky products. However, more than risk appears to be at play, because the team found evidence that a reduction in tariff rates is associated with increased use of nontariff barriers.

"Analysis also shows that when importers are threatened by cheaper goods, they are more likely to issue a [notification](#)," Nogueira said.

"These results suggest that the demand for protection plays an important role in the number of notifications issued. We also found that decreased tariffs result in more notifications that are low-risk but have denied products from entering the E.U."

Fan noted limitations to the study, most notably coding discrepancies on some product descriptions. The authors also noted that the study does not address what or who is directly driving protectionism in the E.U.

The scientists say their results can help policymakers design standardized trade rules that reduce differences in member countries' interpretation and implementation of [import](#) notifications.

"We acknowledge that protectionism may not necessarily pose a public health concern," Fan said. "However, with limited inspection budgets, consumers would benefit in the long run if importing countries directed their attention to notifications on products that clearly pose food safety issues instead of on imports that threaten domestic production."

**More information:** Kathy Baylis et al, Something fishy in seafood trade? The relation between tariff and non-tariff barriers, *American Journal of Agricultural Economics* (2022). [DOI: 10.1111/ajae.12303](https://doi.org/10.1111/ajae.12303)

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